

**Date:** September 18, 2012

**To:** Thomas J. Bonfield, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Reginald J. Johnson, Interim Director  
Department of Community Development  
**Subject:** Contract Extension for AmeriNational Community Services, Inc.  
For Mortgage Loan Servicing

### **Executive Summary**

The City of Durham has contracted with AmeriNational Community Services, Inc. (ACS) to provide mortgage loan servicing for the City's 600+ community development loans. The agreement expires October 31, 2012. The annual amount paid to AmeriNational is approximately \$90,000.00.

The Department of Community Development (DCD) wishes to extend this contract for six (6) months to give staff time to refine an RFP for loan servicing. AmeriNational has provided satisfactory services during the term of the agreement. Staff will use the extra time afforded by the extension to thoroughly examine the current loan portfolio requirements to determine best practices going forward for more efficient management of the portfolio.

### **Recommendation**

The Department of Community Development recommends that the City Council:

1. Approve extending the term of the ACS agreement by six (6) months followed by no more than three (3) automatic thirty-day (30) extensions, if needed, which may extend the Contract through July 31, 2013.
2. Authorize the expenditure of an amount not to exceed \$20,000.00 beyond the original agreement amount of \$410,000.00

### **Background**

ACS was selected in 2004 to service the City's 800+ community development loans. Since that time, the City has worked closely with ACS to transfer files from the previous servicing agency, reconcile City records and maintain timely collection of funds.

### **Issues and Analysis**

The extension of the ACS agreement is consistent with and supportive of the Council's priority to effectively maintain the loan portfolio. Effective maintenance of the portfolio is crucial as many of the programs offered through the DCD are funded by program income and entitlement grants.

**Alternatives**

The Council may elect not to authorize the extension of this agreement, in which case the City would start the RFP process immediately. However, this is not recommended.

**Financial Impact**

This development will have no impact on the City's General Fund. Existing bond program income will fund the extension for an additional amount not to exceed \$20,000.00.

**SDBE Summary**

This is a contract extension. A compliance review was not conducted by the Department of Equal Opportunity/Equity Assurance to determine compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

**Attachments**

Estimated Loan Servicing Fees worksheet

**Contract #5009, Amendment #2**  
**Estimated Loan Servicing Fees**

Amortized loans (Includes Credit Reporting)			8.50
DFU- on Amortized loans (Delinquency management)			3.20
<b>(Actual Fee per amortized loan)</b>			<b>\$11.70</b>
Bankruptcy monitoring - actual fee			<b>\$7.00</b>
Deferred Developer loans - actual fee			<b>\$2.50</b>
	Number of amortized loans	Number of deferred loans	
Project 1099 - Home funded	1		11.70
Project 1099 - Home funded		85	212.50
Project 1269 - Bond Developer loans	14	14	198.80
Project 1270 - CDBG Developer loans	4	2	51.80
Project 1271 - HOME Developer loans	35	10	434.50
Project 1292 - General Fund		0	.00
Project 725 - Bond FTHB	97		1,134.90
Project 726 - Bond FTHB	205		2,398.50
Project 647 - CDBG FTHB	42		491.40
Project 646 - HOME FTHB	152		1,778.40
Project 808 - Economic Development loans (Deferred loan with escrow)	0		.00
Project 809 - Economic Development loans	2		23.40
<b>Monthly fee for amortized loans and deferred developer loans</b>			<b>\$6,735.90</b>
<b>Monthly fee for bankruptcy monitoring</b>	19		<b>\$ 133.00</b>
<b>Total Monthly Fee</b>			<b>\$6,868.90</b>
<b>Estimated 9 Months Fee</b>			<b>\$61,820.10</b>
Setup fees for new loans - actual fee	15.00		
Tax monitoring for new loans (Developer) - actual fee	75.00		
New Developer Loans - (5) <i>Estimate only</i>			450.00
New FTHB loans - (10) <i>Estimate only</i>			150.00
<b>Estimated Total for Future Setups</b>			<b>\$600.00</b>
<b>Estimated 9 months Fee for Contract Renewal</b>			<b>\$62,420.10</b>

